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C O N F I D E N T I A L BUENOS AIRES 001125

SIPDIS

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PASS NSC FOR JOSE CARDENAS, ROD HUNTER  
STATE FOR S/CT -- NOYES  
STATE FOR EB/ESC -- DAS SIMONS AND JEAN CLARK  
STATE FOR EB/ESC/TFS - LEANNE CANNON  
STATE FOR INL/C/CP (PETERSON), INR/EC, S//CT (HILL), IO/PSC  
(SANDAGE)  
TREASURY FOR TFFS (HEFFERNAN, VANLINGEN), OFAC, FINCEN  
DHS FOR ICE -- D.THOMPSON  
JUSTICE FOR OIA AND AFMLS  
PARIS PASS US MISSION OECD

E.O. 12958: DECL: 06/06/2017  
TAGS: [KTFN](#) [EFIN](#) [PTER](#) [SNAR](#) [ETTC](#) [PREL](#) [AR](#)  
SUBJECT: ARGENTINE SENATE PASSES COUNTER-TERRORISM FINANCE  
BILL, BUT GOA WORRIED ABOUT POSSIBLE FATF SANCTIONS

REF: A. BUENOS AIRES 907

- [1](#)B. BUENOS AIRES 78
- [1](#)C. BUENOS AIRES 794
- [1](#)D. BUENOS AIRES 803
- [1](#)E. BUENOS AIRES 855
- [1](#)F. BUENOS AIRES 881

Classified By: Charge Michael Matera For Reasons 1.4 (B and D).

#### Summary

[1](#)1. (C) The Argentine Senate passed the draft anti-terror and counter terrorism finance (CTF) bill on June 6. There are positive indications that the lower house -- Chamber of Deputies -- will consider the law soon, but it is unclear whether it will be able to pass the bill prior to the Financial Action Task Force's (FATF) June 25-29 plenary. MFA Acting U/S of Bilateral Foreign Policy, Vicente Espeche Gil, called in Charge June 4 to seek U.S. support in avoiding FATF sanctions if Argentina fails to get full Congressional passage of the law prior to the plenary. He emphasized the GoA's commitment to combating terrorism and terrorism financing, but noted that election year pressures were likely to slow final Congressional consideration of the bill. Espeche Gil argued that sanctions would be unjust and would have negative consequences for Argentina. He said they would also be counterproductive to achieving the long-term goal of strengthening the GoA's capacity to combat terrorism. Given positive momentum, Post supports the GoA's request for more time -- if necessary. End Summary.

#### Senate Overwhelmingly Approves Draft CTF Law

[1](#)2. (C) On June 6, the Argentine Senate finally passed draft counter-terror and CTF legislation that President Kirchner had submitted to Congress on December 20, 2006 (see reftels

for background). A few opposition Senators raised minor concerns about the law's definition of terrorism, but in the end it received almost unanimous support, with a vote of 51 Senators in favor and only one against. The law now passes to the Chamber of Deputies. Until yesterday, the consensus opinion among Post's GoA and Congressional contacts has been that the Chamber would not be able to pass the law before the June 25-29 FATF Plenary in Paris. (Note: at the February plenary, FATF member countries urged the GoA to push the bill through Congress by the next plenary, or face possible sanctions. This would likely take the form of a public statement that Argentina is not in compliance with international standards. End Note)

#### Momentum Building in Chamber of Deputies

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¶13. (C) Post's contacts in Congress note that pressure seems to be building to expedite the draft law through the Chamber of Deputies. The Chamber's Penal Committee was called to a meeting on June 6 to analyze the draft law, even before the Senate had approved it. The Director of Labor Legislativa, a private firm that follows events in Congress, sees this as an indication of the GoA's increasing effort to get the law passed. The GoA's National Coordinator for anti-money laundering and counter-terrorism finance, Juan Felix Marteau, informed Econoff June 7 that opposition parties in the Chamber have raised some objections to the bill. Nevertheless, there now appears to be an outside chance that the bill will go to the full floor of the Chamber the week of June 18 (Note: the Chamber is only working every other week due to the coming elections, and is closed the week of June 11). As another sign of GoA interest, the financial daily "Ambito Financiero" reported that Economy Minister Felisa Miceli contacted the Chamber late on June 6, after the Senate approval, and urged an immediate vote. The various press

reports on the Senate action all point to the threat of FATF sanctions as driving both the GoA and Congress.

#### MFA Appeals for More Time to Pass CTF Law

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¶14. (C) The MFA's Ambassador Espeche Gil called in Charge June 4 to express the GoA's rising concern that the FATF would seek to sanction Argentina if the full Congress did not pass the legislation on time. He said it was a matter of months, at most, before the full Congress would pass the law, and argued that the main reason for delay was that most Members of Congress were out campaigning (in preparation for October elections). This had complicated Congressional leaders efforts to form the necessary quorums to debate and pass the legislation.

¶15. (C) Espeche Gil stated that imposing sanctions would be an unjust decision and requested U.S. support at the FATF meeting to allow Argentina more time. He said sanctions would have a detrimental impact on Argentina's financial system, and argued that they would actually be counterproductive to the goal of ensuring a legal framework in Argentina that criminalizes both acts of terror and financing of terrorism.

¶16. (C) He argued that the GoA's commitment to fighting terrorism was beyond question, and emphasized the extensive coordination on such issues between Argentine and U.S. law enforcement agencies. Therefore, he noted, any delay in passage of the law was not an indication of lack of political will on the subject. He further noted that the Penal Code gave GoA law enforcement agencies sufficient legal authority to investigate and try crimes related to acts of terror and terrorism financing, so the delay would not create vulnerabilities or weaknesses in the legal system.

¶17. (C) He called the draft CTF law a means to perfect and improve the current Penal Code, but argued that it was a complex issue and constituted major legal reform. It, therefore, required careful analysis and should not be rushed. (Comment: Post argued in Refs A and B that the main benefits of the CTF law were to send a signal of GoA

seriousness in fighting acts of terror and terrorism financing, and to provide the legal foundation for the Argentine Central Bank and Financial Investigative Unit's administrative measures. End Comment)

¶18. (C) Espeche Gil said he would consider raising the issue with other Embassies, i.e., Germany, Canada, France. However, he considered it most important to seek U.S. support, since the U.S. plays a dominant role in FATF deliberations. Charge emphasized that it was extremely important for Argentina to go to the FATF meeting with evidence of both movement and continued GoA commitment to get full passage ASAP.

Comment

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¶19. (C) GoA and Congressional contacts appear uniformly supportive of the law, and Post agrees that the bad timing -- with the GoA and Congress focused on October elections and little else -- has been the main (albeit not the only) cause for delay. Senate passage yesterday followed strong pressure from several Ministries (and frequent Post advocacy). Until today, Post's contacts thought that the best case scenario was for the GoA to head to the end-June FATF meeting with only Senate passage (as Post predicted in Ref A). Prospects now seem slightly improved, although odds are that the GoA delegation will head to Paris with the Chamber still reviewing and debating the draft law.

¶10. (C) Nevertheless, Post argues that Senate passage of the bill and building momentum in the Chamber are sufficient indication of positive movement for the U.S. to support giving Argentina more time. Post also agrees with Espeche Gil that sanctioning Argentina following the FATF meeting could prove counterproductive. As noted Ref B, President Kirchner could possibly react by publicly rejecting the FATF decision, using it as an election year foil to gain political traction from a population that is suspicious of international organizations. We note that FATF is perceived here as a U.S.-led initiative, and any sanctions would likely be perceived as directed by the U.S.

¶11. (C) Post also notes that Argentina's weakness on CTF, money laundering, and other law enforcement matters is implementation, not lack of legislation. At this stage, sanctioning Argentina would not/not likely speed up passage of the CTF legislation, and would distract attention from the real priorities: judicial reform and improving the capacity of law enforcement institutions (including Central Bank and FIU). End Comment.

MATERA